BOX II-2.
WHAT DOES FREEZING THE BUDGET MEAN?

The term "budget freeze" has no single definition. It can, for example, mean holding spending constant in dollar terms; in this usage, government would decline in size, because this year's dollar cannot purchase as much as last year's. It can also mean holding spending constant in real terms by adding enough to offset the effects of inflation, in which case nominal spending would be higher after the freeze than before it.

However one defines budget freeze, there must always be exceptions--interest on the debt being the most obvious one. Contract commitments must be honored as well.

Entitlement programs in general are difficult to freeze. For example, unless eligibility rules are changed, Social Security spending will rise automatically as more people reach retirement age and as life expectancy increases. Medicare and federal civilian and military retirement programs present the same barrier to a freeze as does Social Security. Consequently, a budget freeze for such entitlements usually can only mean a limit on annual cost-of-living adjustments (COLAs) in those programs. Such a limit can take many forms, such as skipping the COLA for one or more years, or delaying the adjustment date by six months, or allowing only a partial adjustment.

For discretionary programs, freezes are generally applied to budget authority rather than to outlays, because that is what the Congress determines in the annual appropriation bills. The provision of new budget authority allows agencies to enter into spending obligations. But these obligations may not result in cash outlays until some years later. All of the administrative control mechanisms are designed to ensure that agency obligations do not exceed the amount of new budget authority provided each year. There are no administrative mechanisms in place to control the timing or amount of outlays.

A second general consideration is the timing of deficit reductions--that is, what the final deficit target should be and what intermediate goals should be sought. In passing the Balanced Budget Act, the Congress has legislated both the final objective and the year-by-year targets, but in so doing, it has placed serious constraints on any deficit reduction plan. Many policy changes designed to reduce federal spending over the long term generate savings only after several years have passed--for example, a phased-in modification to a federal employee retirement program, or a slowdown in the procurement of weapons for the military. Similarly, new taxes or sharp changes in the tax code often involve implementation lags or transition rules intended to avoid disrupting the economic plans of taxpayers. Relying solely on these kinds of changes--though quite appropriate for curbing a chronic deficit excess--might still result in high deficits in the short term.

Any proposal designed to satisfy fully each year's deficit target may therefore need to complement longer-term policy revisions with changes that would generate more rapid savings. Examples include eliminating or reducing cost-of-living adjustments for retirees, curtailing federal pay raises, or rescinding 1986 funds for slow-spending programs to generate savings in the early part of the 1987-1991 projection period. While some such options might also yield savings in later years, others might either increase costs in the out-years or lead to results unintended by their proponents. For example, focusing on achieving savings in 1987 defense outlays might invite such expedients as across-the-board cuts in operations and maintenance expenditures (buying fuel, performing maintenance, and the like), which could lower the readiness of the military to meet its current missions. Moreover, as this example suggests, some of these short-term stopgaps can have seriously adverse effects if repeated over an extended period, and thus are not substitutes for longer-term policy changes.

One final characteristic of the federal budget lessens the difficulty of achieving any set of deficit targets. Deficit reductions realized through program cutbacks or revenue increases yield additional automatic savings in the form of lower interest payments resulting from reduced federal borrowing needs. Because of these indirect savings, the policy changes required to satisfy the deficit targets specified in the Balanced Budget Act will be smaller than the total projected excess deficit. As shown in Figure 2, policy changes yielding direct savings of just under $36 billion in 1987 (relative to the CBO baseline deficit projection) would yield additional savings of about $1.5 billion through reduced borrowing needs. Together, these amounts would be sufficient to close the $37 billion gap between the baseline deficit projection and the statutory target. By 1991, policy changes yielding $83 billion in direct savings would be sufficient to eliminate the projected

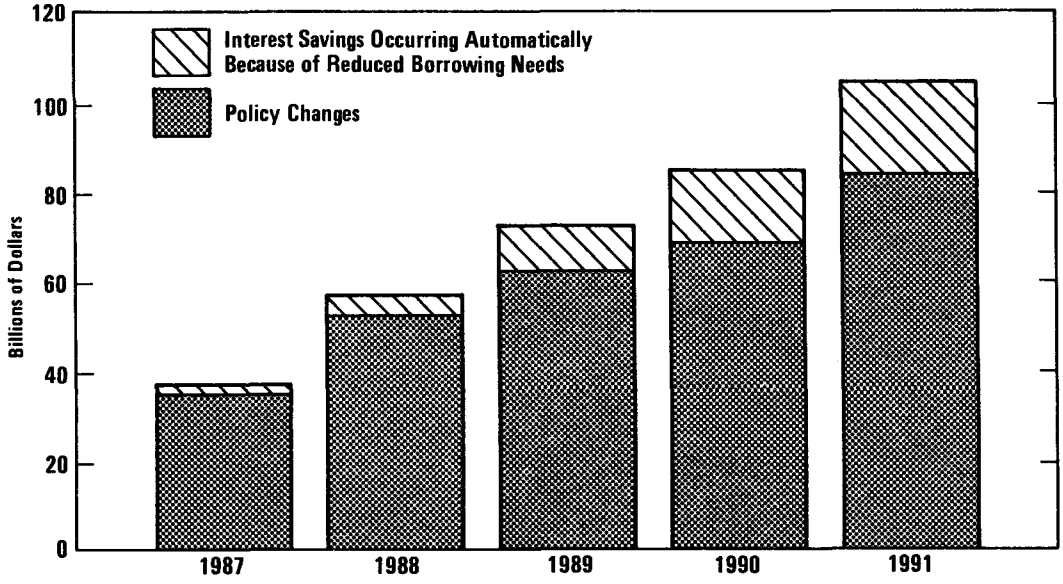
deficit of $104 billion; the additional $21 billion would be accounted for by interest savings generated in that year as a result of the policy changes required to meet the earlier deficit targets.

The examples of alternative deficit reduction approaches outlined below involve different combinations of spending reductions and revenue increases. Although the alternatives presented here focus on cutting spending or raising revenues relative to CBO's baseline projections, the Congress could choose to increase spending for some purposes relative to the baseline. (As noted, CBO's baseline is tightly defined, allowing for no real growth in discretionary programs.) Because of the constraints of the Balanced Budget Act, however, if the Congress chooses to devote additional resources to some areas, it would then have to either reduce other spending more sharply or raise revenues by a greater amount than would otherwise be necessary.

Full Reliance on Spending Cuts but Allocated Differently than Either Sequestration or the Administration's Proposal. One general alternative to either sequestration or the Administration's proposal would be to rely entirely on outlay reductions, but allocate the cuts differently among spending categories. Under this approach, the Congress would be accepting the judgment implicit in both sequestration and the Administration's proposal that

Figure 2.

Policy Changes and Resulting Interest Savings Required to Meet Deficit Targets Under the Balanced Budget Act



SOURCE: Congressional Budget Office.

revenue collections under current law define the appropriate bounds of government spending. The Congress would be making different choices, however, regarding how available funds should be spent.

One variant would be for the Congress to leave untouched those entitlements that both sequestration and the Administration would exempt from cuts (the largest of which, by far, is Social Security), while adopting a different mix of changes in other spending. For example, the Congress could accept the Administration's proposals for substantial real increases in defense spending, but in conjunction with a different set of domestic spending cuts. Alternatively, the Administration's defense plan could be trimmed, thereby reducing the size of the cuts that would have to be made in those domestic programs not placed off limits.

A different way to vary the mix of outlay changes would be to include reduction in some or all of the entitlements that would be exempt under both sequestration and the Administration's proposals. The size of any reduction in these entitlements would determine the net savings that would have to be achieved through changes in the remainder of all federal spending. For example, eliminating for one year the cost-of-living adjustments for all non-means-tested federal transfer programs, including Social Security, would generate annual savings of about $6 billion in 1987, rising to $8 billion four years later. This option would reduce by about 10 percent the cutbacks that would otherwise have to be made in other programs in order to balance the budget by 1991. If, instead, COLAs were limited to two percentage points less than the inflation rate for each of the next five years, annual savings would amount to $26 billion by 1991--reducing the burden borne by the rest of federal spending to about two-thirds of what would otherwise be required (see ENT-12 in Section II). 4/ By focusing exclusively on spending cuts, however, substantial real dollar decreases in other areas would still be necessary to satisfy the statutory deficit targets.

It is also worth noting that some revenue options could serve as very close substitutes for particular spending cuts. For example, increasing the taxation of Social Security benefits would reduce their net value and thus might arguably serve as an alternative to limiting COLAs (see REV-27). The two approaches would, however, have quite different effects on the distribution of after-tax income. Focusing only on outlay reductions might lead one to overlook analogous revenue options.

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4. As noted in Box I-1, the Balanced Budget Act specifies that it shall not be in order to consider as part of a reconciliation bill any provision affecting Social Security.

Full Reliance on Revenue Increases. At the other extreme, the Congress could rely entirely on revenue increases to meet the statutory deficit targets. Under this approach, resources devoted to all major categories of the budget could be held at roughly their 1986 postsequestration levels in real terms. On the other hand, revenues would have to be increased significantly to their highest postwar levels ever. In 1991, revenues would amount to 20.3 percent of GNP--above the recent peaks of 20.1 percent attained in 1969 and 1981.

Revenue increases of this magnitude would require substantial changes in current tax policies--either sharp increases in individual and corporate income tax rates (see, for example, REV-01 through REV-03); sizable broadening of the tax bases (see REV-07 through REV-32); or the enactment of new taxes, such as a value-added tax (see REV-04).

Relying on Both Spending Cuts and Revenue Increases. A third general alternative to either sequestration or the Administration's proposal would be to adopt some mix of spending cuts and revenue increases. Such plans involve trade-offs between the value of services currently received and the burden of additional revenues required to sustain those services at their present levels. A mix of one-third revenue increases and two-thirds spending reductions to achieve the policy-related savings needed to eliminate the deficit by 1991 would require $28 billion in revenue increases and $55 billion in program cutbacks in that year (a 5 percent reduction relative to CBO's baseline projections). Under such a scheme, outlays and revenues would equalize at 19.4 percent of GNP by 1991. Reversing the ratio to rely on revenue increases for two-thirds of the policy-related deficit reductions would limit program cutbacks to less than 3 percent below CBO's baseline and would balance the budget at 19.8 percent of GNP.

Whatever the particular mix of revenue increases and spending cuts, spreading the burden of deficit reductions across both sides of the budget would make it possible to meet the deficit targets through more modest changes in current spending and taxing policies than if either outlays or revenues were placed off limits. Although most of the items contained in Section II would contribute little individually to achieving the deficit targets, they could be combined into such a broad-based alternative.

SECTION II

SPENDING AND REVENUE OPTIONS

HOW TO USE THIS VOLUME

This section of the report presents 127 policy options for reducing the deficit. Ninety-two of these options are in five major budget outlay categories--national defense (DEF), entitlements and other mandatory programs (ENT), agricultural price supports (AGR), nondefense discretionary (NDD), and personnel costs (PERS). Policy options that raise revenues (REV) account for the remaining 35.

> *For a listing of individual options under these categories, see the Table of Contents. For a listing of options grouped by budget function, see the Appendix.*

Each option is presented in a standard format beginning with a table showing the budgetary savings calculated from the CBO baseline (in millions of dollars for spending changes and billions of dollars for revenue options). After the policy option is described, the major arguments for and against its adoption are given. CBO does not endorse or oppose any of the proposals. They are given simply as options to advance discussions of deficit reduction.

The proposals that follow are drawn from many sources, including recent legislative hearings, consultations with committee staff and other experts, and ongoing CBO analyses. To limit the size of the report, only options that would reduce the deficit by at least $1 billion over five years are reported. Because of this cutoff, many management issues and cutbacks in small programs are not discussed, although such initiatives may be desirable and feasible.

The reader should keep several cautions in mind. The savings effects of each option are calculated separately, as if none of the others were to become law. As a result of possible interactions among the options, however, the consequences of enacting a package would be different from en-

acting each option in isolation. Moreover, the enactment of some options would exclude the enactment of others. Thus, the separate options cannot be added to a grand total.

The deficit reductions discussed in this volume represent only a first approximation of savings that might actually be realized. Variations on any particular option could, of course, be used to vary the savings it might achieve. In some instances, a reduction in one program might result in the expansion of another program. For example, narrowing eligibility for VA hospital care would lead to some increase in Medicare outlays. In most cases, unless otherwise specified, such offsetting effects are not included in the estimates presented in this report.

In general, the estimated savings or revenue gains calculated for the deficit reduction options in this volume are derived from the economic assumptions underlying the CBO baseline. While reestimates would be necessary if different economic assumptions were used, the changes in numbers would generally not be major. Finally, the reader should keep in mind that estimates of deficits and policy changes that extend from one to five years in the future are subject to a margin of error.

This section presents 25 options to limit spending for national defense. The first 13 alternatives offer lower spending levels by reducing the funds for procurement of major weapons systems, such as the MX missile, the F-15 aircraft, the Bradley Fighting Vehicle, and attack submarines. Savings would be achieved either by cancelling systems, as in DEF-01 and DEF-12, or by slowing the rate of procurement, as in DEF-02 and DEF-03.

Options DEF-14 through DEF-17 consider limits on spending in other investment accounts. Over the next five years, the Administration plans to spend large amounts in areas such as research and development and military construction. Options discussed here would achieve savings by reducing the rate of growth in these accounts.

Limits on growth in the military forces and on further improvements in readiness are discussed in DEF-18 through DEF-21. Although limiting the growth in the military forces would provide few savings in the first year, all the options would produce substantial savings once they were fully implemented.

Finally, DEF-22 through DEF-25 offer savings by limiting the growth in pay and benefits for military personnel. These include alternatives to raise military pay selectively (DEF-24) and to implement changes in the military retirement system for new members of the armed services (DEF-25). DEF-23 is concerned with the military health care system. Reductions in cost-of-living increases for retired military are discussed in option PERS-02 in the Personnel Costs section.

The estimates of savings from all options were made relative to the Administration's proposed 1987 budget, using CBO current economic assumptions. In most cases, savings are rounded to the nearest 100 million dollars and discussed in terms of budget authority rather than outlays.

DEF-01 AMEND THE ADMINISTRATION'S AIRLIFT PLAN

Savings from Admin. Request	Annual Savings (millions of dollars) 1987	1988	1989	1990	1991	Cumulative Five-Year Savings
Budget Authority	830	2,290	2,010	2,470	4,220	11,820
Outlays	340	850	1,360	1,550	1,900	6,000

The C-17 is a new, large military transport aircraft that can both fly long distances carrying large heavy loads, such as tanks and infantry fighting vehicles, and land on relatively short airfields. With these features, the aircraft can provide "strategic" airlift--that is, move troops and equipment from the United States to forward battle locations quickly. Partly because of its special capabilities, the C-17 will be expensive. The Air Force plans to procure 210 of these planes, beginning in 1988, at a reported procurement cost of about $110 million each in 1986 dollars.

According to the Department of Defense, U.S. forces currently do not have enough aircraft to provide the airlift that would be needed early in a conflict between the United States and the Soviet Union. Even with the addition of 44 KC-10s and 50 C-5s, which the Congress approved in 1982, available aircraft will fulfill only about 73 percent of the DoD airlift objective.

Strategic lift can be provided by ships. Although ships are slower--taking as long as 30 days to begin delivering cargo from the United States to Southwest Asia--both the Administration and the Congress have renewed their interest in sealift. Since 1982 the number of cargo ships in the U.S. Ready Reserve Force has increased from 27 to 72 through the acquisition of commercial ships. Some of these ships can sustain speeds of over 28 knots while carrying as much as 11,000 tons of military equipment--equivalent to nearly 230 loads on the C-17.

This option proposes to cancel the development and procurement of the C-17 aircraft, while continuing to invest in additional sealift. The proposal would save $830 million in budget authority in 1987 and $11.8 billion over the next five years, compared with the Administration's plan. Costs of continued procurement of sealift assets are already included in the Administration's plan and so would not offset these savings.

This proposal would adversely affect military capability only in certain types of wars. Current transport aircraft, together with the additional KC-10s and C-5s already approved, could provide sufficient airlift for the most likely contingencies. Only in the early weeks of a war involving the Soviet Union would the current airlift fleet be unable to meet the level deemed necessary by DoD. Moreover, some of the disadvantages of sealift in the early weeks of a war could be offset if loaded cargo ships began to deploy during periods of heightened tensions but before hostilities actually commenced. Also, the Army, the principal user of airlift, is reorganizing some of its existing divisions so that they will require fewer aircraft to transport their equipment.

Cancelling the C-17 is not, however, without its disadvantages. Some risk is associated with not having more aircraft in the event of a conflict with the Soviet Union. In addition to taking longer, sealift might not always be able to deliver cargo where it is needed because of unavailable or inadequate ports. Moreover, the adequacy of the current C-130 fleet to provide sufficient airlift over shorter distances has been questioned. (The C-130 is a smaller aircraft designed to move cargo within a wartime theater, whereas the C-17 is designed primarily to assist with long-distance transport.) Finally, much of the current airlift fleet is aging. Under current operating tempos, many of the C-141s and C-130s bought in the 1960s might have to be replaced by the end of the 1990s. Thus some of the savings from this option might eventually have to be devoted to replacing these aircraft. Furthermore, if the C-17 program is terminated now, resuming it later would, in all likelihood, mean paying higher costs.

Near-term savings associated with this alternative, however, are considerable. Moreover, savings would continue in the years beyond 1991, and even replacement of aging C-130 and C-141 aircraft in the 1990s should not consume all of them.

DEF-02 REDUCE CONSTRUCTION OF NEW SUBMARINES AND EXTEND THE SERVICE LIFE OF EXISTING SHIPS

Savings from Admin. Request	Annual Savings (millions of dollars) 1987	1988	1989	1990	1991	Cumulative Five-Year Savings
Budget Authority	1,040	160	1,510	1,020	940	4,670
Outlays	60	140	280	450	650	1,580

Although the Navy prefers to replace old ships with new ones, it has often retained ships beyond their usual service lives and, indeed, now plans to use this approach to attain the goal of a 600-ship Navy. Selectively extending the service lives of some submarines could permit a sizable reduction in shipbuilding budget authority annually without significantly affecting ship force levels. Cumulative five-year savings would be $4.7 billion. Obviously, though, such a course would affect the pace of fleet modernization.

From 1987 through 1991, CBO estimates that the Navy will retire about 13 attack submarines (10 nuclear-powered and 3 diesel-electric). The Navy plans to request funds to build 15 nuclear-powered SSN-688 class attack submarines and three new design SSN-21s. The average cost of each new SSN-688 class submarine will be about $640 million in fiscal year 1987 dollars, while the first SSN of new design will cost over $1.6 billion (later ships will cost less). Holding procurement of SSNs at the 1984 level of three per year, rather than the four now planned by the Navy, and extending the service life of an offsetting number of older submarines would save $4.7 billion in procurement costs over the five years.

Any reduction in the shipbuilding program would diminish the capability of the force and would be offset only partially by extending the service life of older ships. The older submarines mentioned above will have been in service about 30 years at their currently projected retirements. Nevertheless, although the older submarines are less capable than the new SSN-688s, they can still perform a broad range of useful missions.

DEF-03 CANCEL OR REDUCE PROCUREMENT OF THE F-15

Savings from Admin. Request	Annual Savings (millions of dollars) 1987	1988	1989	1990	1991	Cumulative Five-Year Savings
Freeze Annual Procurement at 36						
Budget Authority	400	400	400	400	400	2,000
Outlays	30	170	280	320	350	1,150
Cancel the F-15						
Budget Authority	2,240	2,240	2,260	2,100	2,100	10,940
Outlays	250	1,000	1,540	1,790	1,900	6,480

The F-15 is the Air Force's premier fighter, capable of operating during day or night and in inclement weather. Its long-range radar and medium-range missile enable the F-15 to attack enemy aircraft before those aircraft can detect and attack the F-15. Because of the F-15's expense, however, the Air Force developed the less capable but cheaper F-16 to fulfill its total force requirements. The Congress cut F-15 procurement from 48 to 36 planes in 1984 and from 48 to 42 in 1985. DoD proposes to buy 48 per year from 1987 to 1991.

Freeze Annual Procurement at 36. By limiting further procurement to 36 F-15s annually, this option would save $400 million in budget authority in 1987 and $2 billion over the next five years. Current Air Force plans entail procuring more F-15s and F-16s, in part to replace older F-4s, most of which will reach the end of their usual service life of 20 years by the late 1980s. Limiting F-15 procurement should not affect the Air Force's planned expansion as the Administration's current plan would procure more than enough fighter aircraft to meet its 40-wing force goals.

Cancel the F-15. Alternatively, further procurement of the F-15 could be cancelled. This option would save $2.2 billion in budget authority in 1987 and $10.9 billion over the five-year period. Without offsetting increases in F-16 purchases, however, the Air Force would be unable to expand to its planned size unless F-4s were kept until they were 22 years old--a rather short extension of their service lives. Cancellation would also reduce overall capacity to produce aircraft. Furthermore, it would foreclose the option of procuring the F-15E, an improved version of the F-15 that the Air Force is now buying for its ground attack mission.

DEF-04 CANCEL THE ARMY HELICOPTER IMPROVEMENT PROGRAM

Savings from Admin. Request	Annual Savings (millions of dollars) 1987	1988	1989	1990	1991	Cumulative Five-Year Savings
Budget Authority	250	240	350	380	350	1,570
Outlays	40	140	220	290	330	1,020

The Army Helicopter Improvement Program (AHIP) is an interim modification program to extend the usefulness of existing OH58 scout helicopters. The Army also plans to procure a new light helicopter (the LHX) in the 1990s to fulfill, among other things, the scout helicopter mission. Cancelling the remainder of AHIP and waiting for the new helicopter could save an estimated $250 million in budget authority in 1987 and $1.6 billion over the next five years.

A scout helicopter's primary mission is to identify and designate targets for artillery. The modification program improves both the OH58's ability to accomplish this mission--by installing infrared sensors and laser range finders--and the survivability of the helicopter itself--by mounting the sensors above the blade rotor, thus enabling the body of the helicopter to remain hidden behind trees or hills. Funds authorized through 1986 will modify almost 100 helicopters, and the planned AHIP program would improve another 48 helicopters in 1987 and a total of 496 by 1991. Concurrently, the Army is preparing for full-scale development of a new fleet of helicopters (the LHX) that will be better equipped to serve as scouts.

If the remainder of AHIP were cancelled, the Army would have to rely more heavily than planned on the current OH58 scout helicopter until the new fleet of scout helicopters is deployed in the early 1990s. In recent Army operational tests, however, AHIP-equipped helicopters showed little improvement in performance over that of the existing OH58 helicopters, thus casting doubt on the need for the AHIP program. Some "safety-of-flight" modifications might still be required for the OH58 helicopters, resulting in a slight reduction of the savings shown above.

DEF-05 CANCEL PROCUREMENT OF AQUILA REMOTELY PILOTED VEHICLE

Savings from Admin. Request	Annual Savings (millions of dollars) 1987	1988	1989	1990	1991	Cumulative Five-Year Savings
Budget Authority	140	190	170	40	20	560
Outlays	10	60	130	150	110	460

The Aquila Remotely Piloted Vehicle (RPV) is a small, fixed-wing drone aircraft, designed to perform target acquisition and laser designation of targets within a range of 45 kilometers. It is launched from a rail assembly mounted on a five-ton truck chassis, and is recovered with a large net mounted on a similar chassis. The RPV's flight path is governed either by line-of-sight communication through digital control or by preprogramming the flight plan. Although the Army plans for the Aquila to enter the force in 1989, many operational problems have not yet been resolved.

While the Aquila would be the first RPV fielded by the Army in significant numbers, the Army already deploys other systems that can perform roughly the same tasks although not necessarily to the same degree as the design specifications of Aquila. Indeed, by 1990 the Army plans to field more than 1,000 Ground Locator Laser Designators (known as GLLDs) and more than 1,000 helicopters capable of target reconnaissance, identification, and laser designation--all functions of Aquila. Moreover, only two Army munitions--the Copperhead (launched by 155-mm howitzers with ranges of roughly 18 to 24 kilometers) and the Hellfire missile (launched by attack helicopters)--can engage targets designated by laser.

Because of its bulky launch and recovery vehicles, the Aquila is difficult to transport. Since the C-5 is the only transport aircraft that can carry assembled Aquila support equipment, only a few planes would be available to transport the Aquila quickly to a combat zone. Deployment in the more numerous but smaller C-141 or C-130 aircraft could be accomplished only after a major, time-consuming disassembly. Furthermore, the Army does not plan to assign many Aquilas to its operating units. Although it intends to purchase 376 Aquila vehicles, only 117 will be deployed in nine batteries, to support the five active Army Corps. The remaining 259 vehicles are

earmarked for training, war reserve stocks, and replacements of peacetime losses.

By eliminating the procurement of the Aquila and maintaining only a research and development effort, this option would save $140 million in budget authority in 1987 and as much as $0.6 billion over the next five years, assuming procurement of any RPV system is delayed that long. Additional savings, not included here, might be realized if the Army did not hire the roughly 700 people needed to support Aquila.

This option would clearly delay fielding of an RPV. But the Army could continue to test and evaluate Aquila and alternative RPV systems, such as the Lear Siegler Skyeye, the Israeli Mastiff, or the Canadian Sentinel. Indeed, the Army is currently considering a family of RPVs that might include some or all of these other systems.

DEF-06 CANCEL V-22 AIRCRAFT DEVELOPMENT

Savings from Admin. Request	Annual Savings (millions of dollars) 1987	1988	1989	1990	1991	Cumulative Five-Year Savings
Budget Authority	390	590	790	1,190	1,890	4,850
Outlays	200	400	300	450	850	2,200

The V-22, previously known as the JVX, is a new tilt rotor aircraft under development by the Department of the Navy for use by all four services. (Tilt rotor means that the aircraft has rotor blades that can be positioned vertically for taking-off and landing and horizontally for forward flight.) The aircraft will be designed to transport 24 people or about 5,700 pounds of equipment at cruising speeds of over 280 miles per hour. Its long maximum range of 2,400 miles should allow it to fly to Europe, in the event of war, thus freeing large transport aircraft and amphibious ships for other cargo.

The aircraft is expected to perform different missions for each of the four services. The Marine Corps has expressed the largest and earliest need, asking for 552 aircraft with delivery beginning in the early 1990s. These aircraft would be used for combat assault--that is, transporting troops and equipment from an amphibious ship to a beachhead--a mission currently being fulfilled by the aging CH-46 and CH-53 helicopters. Air Force requirements call for 80 aircraft in the 1990s for special operations, while the Navy has indicated a need for only 50 aircraft to conduct combat search and rescue. Army requirements are the least precise of all the services. Recently, the Army indicated that it would procure about 231 aircraft in the mid-1990s, possibly for transporting cargo.

Despite these potential uses, missions planned for the V-22 could be performed by other aircraft. Moreover, the V-22 is an expensive development program; Navy cost estimates range from $2.4 billion to as high as $3.1 billion. Procurement costs would add substantially to the total. Introduction of the V-22 could also reduce the number of other Navy aircraft purchased, if defense budgets do not enjoy the levels of growth experienced in the early 1980s. In fact, the Congress is already concerned about the number of Navy aircraft programs currently funded at low procurement rates.